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FM AMEMBASSY LIMA
TO RUEHC/SECSTATE WASHDC PRIORITY 9928
INFO RUEHAC/AMEMBASSY ASUNCION PRIORITY 2107
RUEHBO/AMEMBASSY BOGOTA PRIORITY 6263
RUEHBR/AMEMBASSY BRASILIA PRIORITY 8032
RUEHBU/AMEMBASSY BUENOS AIRES PRIORITY 3596
RUEHCV/AMEMBASSY CARACAS PRIORITY 1317
RUEHLP/AMEMBASSY LA PAZ JAN 5083
RUEHMN/AMEMBASSY MONTEVIDEO PRIORITY 9660
RUEHQT/AMEMBASSY QUITO PRIORITY 2268
RUEHSG/AMEMBASSY SANTIAGO PRIORITY 2121
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC PRIORITY
RUMIAAA/USCINCSO MIAMI FL PRIORITY

C O N F I D E N T I A L LIMA 000093

SIPDIS

E.O. 12958: DECL: 01/22/2019
TAGS: [PGOV](#) [ECON](#) [PREL](#) [PINR](#) [PE](#)
SUBJECT: CABINET CHANGE: MINISTER OF ECONOMY AND FINANCE

REF: A. 08 LIMA 1868
[1](#)B. 08 LIMA 1659

Classified By: Ambassador P. Michael McKinley for
reasons 1.4 (b) and (d).

[1](#)1. (SBU) Luis CARRANZA Ugarte was sworn in (again) as Peru's Economy and Finance Minister following the January 19 resignation of Luis VALDIVIESO Montano, who had held the post over the last six months. The widely respected Carranza previously headed the Ministry of Economy and Finance (MEF) from July 2006 to July 2008.

[1](#)2. (C) Upon taking his oath of office, Carranza said he would accelerate spending on public infrastructure projects as a means to blunt a deceleration of economic growth, seeming to confirm rumors that Valdivieso had been reluctant to increase public spending. One embassy contact told us that Valdivieso left because he continually clashed with APRA party members, particularly those holding important positions in regional governments who wanted to be able to spend freely with little or no controls. Another contact told us Valdivieso was charged by President Garcia with the main purpose of ensuring the full implementation of the FTA with the U.S. Now that this task has been accomplished, Valdivieso wanted to return to a more lucrative career in the private sector, he claimed.

[1](#)3. (C) Comment: We understand that Valdivieso has little chemistry with the President, whereas Carranza does enjoy a close personal relationship with Garcia. This may be of significance in a period where the President, despite high levels of public confidence, is increasingly focused on the effects of the global financial crisis. End Comment.
MCKINLEY